

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W

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R 160650Z JUN 75

FM AMEMBASSY ABU DHABI

TO USDOC WASHDC

INFO SECSTATE WASHDC 3036

LIMITED OFFICIAL USE ABU DHABI 1270

E. O 11652: N/A

SUBJ: PEAVY AND TOWSON FILL DIRT INC.

REF: (A) ABU DHABI 1235 (B) USDOC 8807

1. EMBASSY APPRECIATES PROMPT REPLY TO REF A. DESPITE WHAT FIRM TOLD USDOC, TOWSON DID NOT FINALIZE CONTRACT WITH PWD DURING HIS RECENT VISIT BUT WAS GRANTED FURTHER EXTENSION OF PROJECT TENDER BOND UNTIL 29 JUNE. WE UNDERSTAN MAHHOUK STILL UNABLE ARRANGE REQUIRED BANK GUARANTEES.

2. EMBASSY HAD LEARNED THAT PWD UNEASY ABOUT U.S. FIRM'S CAPABILITIES AND INTENTIONS. ALTHOUGH TOWSON HAD NO PLANS TO VISIT PWD DURING HIS RECENT VISIT, HE DID SO UPON OUR URGING TO EXPLAIN COMPANY'S POSITION. FAILURE TO HAVE MADE THIS CALL WOULD HAVE SET VERY BADLY WITH DEPARTMENT.

3. WE BEGINNING SUSPECT MAHHOUK MAY HAVE LED PEAVY AND TOWSON DOWN GARDEN PATH THIS DEAL BY GIVING THEM IMPRESSION THAT HE WOULD EITHER PUT UP OWN MONEY (PARA 2 REF B) OR ARRANGE BANK FINANCING. ALTHOUGH MAHHOUK PROMOTING U.S. COMPANY'S PARTICIPATION THIS PROJECT, HE IS NOT, AS FAR AS WE KKNOW, INVESTING ANY OF HIS OWN MONEY.

4. MAHHOUK HAS TOLD US THAT HE HAD FORMED GREATER GULF CONSTRUCTION COMPANY TO BE 50 PERCENT JOINT VENTURE PARTNER WITH PEAVY AND TOWSON. HOWEVER, WE ALSO UNDERSTAND THAT U.S. COMPANY HAS SOUGHT (UNSUCCESSFULLY) JOINT VENTURE WITH PAULING CONSTRUCTION, WELL-ESTABLISHED U.K.

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FIRM.

5. COMMENT: DURING RECENT CALL BY AMBASSADOR ON SHAIKH HAMDAN, CHAIRMAN, ABU DHABI PWD, HAMDAN TOLD AMBASSADOR HE WAS VERY PLEASED WITH U.S. COMPANY'S LOW BID THIS PROJECT AND HOPED THEY WOULD BE ABLE TO ARRANGE NECESSARY FINANCING AND GUARANTEES. RECENT RESHUFFLING OF ABU DHABI PROJECT CONSULTANTS HAS LEFT SHAIKH HAMDAN AND PWD IN STRONG POSITION FOR CONTROLLING LARGE DEVELOPMENT PROJECTS. ALTHOUGH WE ARE ENCOURAGED BY INTEREST OF U.S. CONTRACTING FIRM IN UAE ROAD PROJECT, IT WOULD BE REGRETABLE INDEED IF COMPANY LOST PROJECT BECAUSE OF INABILITY TO FULFILL PRELIMINARY CONDITIONS.

6. ACTION REQUESTED: USDOC PLEASE ASK PEAVY AND TOWSON JUST WHAT IS PROJECT STATUS FROM THEIR POINT OF VIEW, AND WHAT IS MAHHOUK'S ROLE. USDOC MIGHT DISCREETLY SUGGEST U.S. FIRM KEEP CLOSER EYE ON MAHHOUK'S ACTIVITIES. EMBASSY WILL CONTINUE TO FOLLOW THIS PROJECT, BUT WE ARE FINDING IT VERY DIFFICULT WITHOUT INFORMATION FROM U.S. SIDE.

DECONTROL UPON RECEIPT.  
STERNER

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